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KELLEY DRYE & WARREN LLP

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September 7, 2001

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VIA HAND DELIVERY

Magalie R. Salas, Secretary Federal Communications Commission 445 12th Street, S.W. Washington, D.C. 20554

Re: Notice of Oral Ex Parte Presentation by Z-Tel

Communications, Inc., CC Docket No. 01-194

Ms. Salas:

Pursuant to Section 1.1206(b)(1) of the Commission's Rules, Z-Tel Communications, Inc. ("Z-Tel"), by its attorney, submits this notice of an oral *ex parte* presentation made in the above-captioned proceeding on September 6, 2001 during a meeting with the following Common Carrier Bureau Staff Members: Scott Bergman, Bill Dever, Aaron Goldschmidt, Rich Lerner, and Carol Canteen. Tom Koutsky of Z-Tel made the presentation, and distributed the attached presentation, which has been updated slightly to correct for certain typographical errors. In accordance with Section 1.1206(b)(1), an original and two copies of this *ex parte* notification and attachment are provided for inclusion in the public record of this proceeding. Please direct any questions regarding this matter to the undersigned.

Respectfully|submitted

Michael B. Hazzard

Attachment

cc:

Scott Bergman

Bill Dever

Aaron Goldschmidt

Rich Lerner Carol Canteen

Qualex International

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ListABCDE



ELRIC Test

The TELRIC Test:

- In taking a weighted average of loop rates in Oklahoma and Texas, we find that Oklahoma's rates are roughly one-third higher than those in Texas (ft. omitted). ... Using a weighted average of wire-center loop costs, the USF cost model indicates that loop costs in SWBT's Oklahoma study area are roughly 23 percent higher than loop costs in its Texas study area (ft. omitted). We therefore attribute this portion of the differential, roughly two-thirds of it, to differences in costs. The remainder of the differential, however, is not *de minimus*, and we cannot ignore its presence. FCC KS-OK 271 Order, ¶ 83-5.

Z SELRIC Test

TELRIC Test is simply:

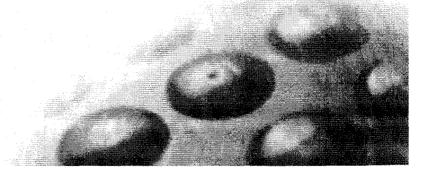
$$\frac{P_i}{P_R} \approx \frac{C_i}{C_R}$$

- where *P* is the UNE Rate, *C* is the HCPM cost, *i* is the applicant state, and *R* is the reference state.
- Not a strict equality, but 10 percentage points (0.10) got the FCC's attention (see previous slide).
- For previous slide (OK/TX), we have 1.33 ≠ 1.23

TEL

ELRIC Test for Arkansas

	TELRIC Test for Ar	kansas and Tex	as
	P/P _R	Pass/Fail	
Loop	0.99	1.39	Pass
Switch Port	0.73	1.09	Pass
EO Usage	1.03	1.19	Pass
Tandem	0.99	1.70	Pass



ELRIC Test for Arkansas

TELRIC Test for Arkansas and Kansas					
	P/P_R	C_i/C_R	Pass/Fail		
Loop	1.05	1.23	Pass		
Switch Port	1.00	0.99	?		
EO Usage	0.99	0.97	?		
Tandem	1.00	0.93	Fail		

Kansas Rates do not satisfy the "Presumption" Standard for UNE Rates. Close on everything but Tandem.

Z TEL

ELRIC Test for Arkansas

TELRIC Test fo	_	Veighted Averag K	e of TX, KS, and
	P_i/P_R	C/C _R	Pass/Fail
Loop	0.97	1.33	Pass
Switch Port	0.75	1.07	Pass
EO Usage	0.92	1.14	Pass
Tandem	0.97	1.59	Pass

Z TEL

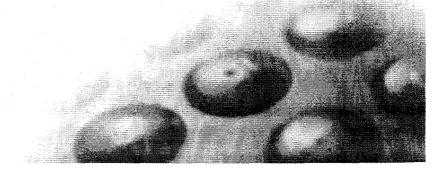
	TELRIC Test for M	lissouri and Texas	S		
	P/P _R	C/C _R Pass/F			
Loop	1.08	1.16	Pass		
Switch Port	0.85	1.13	Pass		
EO Usage	1.29	1.18	Fail		
Tandem	1.55	1.10	Fail		



TELRIC Test for Missouri and Kansas				
	P_i/P_R	Pass/Fail		
Loop	1.14	1.03	Fail	
Switch Port	1.18	1.03	Fail	
EO Usage	1.24	0.96	Fail	
Tandem	1.56	0.60	Fail	



TELRIC Test for Missouri and Oklahoma				
	P/P_R	P/P_R C/C_R Pass/		
Loop	0.97	0.94	Fail?	
Switch Port	0.83	1.06	Pass	
EO Usage	0.69	1.02	Pass	
Tandem	1.29	1.31	Pass	



TELRIC Test 1	for Missouri and V	Veighted Averag	e (TX, OK, KS)
	P_i/P_R	C/C _R	Pass/Fail
Loop	1.07	1.11	Pass
Switch Port	0.88	1.11	Pass
EO Usage	1.15	1.13	?
Tandem	1.51	1.03	Fail



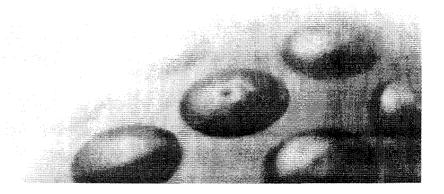


Arkansas

- Passes Texas
- Passes Oklahoma
- Passes Weighted Average
- Passes Most of Kansas

Missouri

- Fails Texas
- Fails Oklahoma
- Fails Kansas
- Fails Weighted Average



eckup: Costs and Rates

	TX	OK	KS	Wgt. Average (TX, OK, KS)	AR	MO
Loop				(17, OR, RS)		
-	47.74	20.40	40 88	47.05	22.02	40.07
HCPM	16.61	20.48	18.77	17.35	23.02	19.27
UNE Rate	14.10	15.71	13.30	14.22	13.90	15.18
Switch Port						
HCPM	0.80	0.86	0.88	0.82	0.88	0.91
UNE Rate	2.22	2.28	1.61	2.16	1.61	1.89
End-Office Usag	e					
HCPM	0.00109	0.00126	0.00134	0.00114	0.00130	0.00129
UNE Rate	0.00144	0.00267	0.00149	0.00160	0.00148	0.00185
Tandem Switchi	ng					
HCPM	0.00075	0.00063	0.00138	0.00081	0.00128	0.00083
UNE Rate	0.00079	0.00096	0.00079	0.00081	0.00079	0.00123

